



LEGISLATIVE FISCAL OFFICE  
Fiscal Note

Fiscal Note On: **HB 334** HLS 10RS 1057  
Bill Text Version: **ORIGINAL**  
Opp. Chamb. Action:  
Proposed Amd.: **w/ PROP HSE COMM AMD**  
Sub. Bill For.:

<b>Date:</b> May 10, 2010	6:35 PM	<b>Author:</b> LEGER
<b>Dept./Agy.:</b>		<b>Analyst:</b> Greg Albrecht
<b>Subject:</b> Dedication To Casino Support Services Contract		

GAMING/REVENUE

OR +\$3,600,000 SD RV See Note

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Provides relative to the casino support services contract

Current law requires the gaming control board to negotiate and agree to a casino support services contract with Orleans Parish, subject to approval of the Joint Legislative Committee on the Budget (JLCB). If the JLCB disapproves or does not act upon the amount of the contract, the contract shall be null and void. Support services include fire, police, sanitation, health, transportation, and traffic services. Current law also provides that monies paid to the state by the casino operator be deposited into the Support Education in Louisiana First Fund (SELF). Proposed law maintains the most recently approved contract in force if a new one is not acted upon by the JLCB, and only nullifies the contract if the JLCB disapproves it. In addition, a special fund is created in the state treasury, the Casino Support Service Fund, and directs the treasury to deposit into the Fund an amount equal to the compensation provided in the most recently approved contract, from monies paid by the casino operator to the state. Monies in the Fund shall be appropriated to Orleans Parish to compensate the parish for the cost of casino support services. Effective July 1, 2010.

EXPENDITURES	2010-11	2011-12	2012-13	2013-14	2014-15	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2010-11	2011-12	2012-13	2013-14	2014-15	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

**EXPENDITURE EXPLANATION**  
The latest casino support services contract has been approved by the JLCB (4/14/2010) for FY11 in the amount of \$3.6 million, and this amount would be dedicated for FY11. This amount has been appropriated from the state general fund in prior years (FY07-10), at the lesser amount of \$1 million in the years FY04-06, and in the amount of \$6 million in FY00. However, the general appropriation bill (HB 1) for FY11 as introduced does not contain an appropriation for this purpose. The fiscal note treats the fiscal cost of this bill entirely as a revenue dedication below.

**REVENUE EXPLANATION**  
From payments made to the state by the casino operator, the bill requires an annual allocation of the full amount of the compensation negotiated in the casino support services contract into the new special Fund created by the bill, the Casino Support Services Fund. The latest contract has been approved by the JLCB (4/14/2010) for FY11 in the amount of \$3.6 million. This bill results in a \$3.6 million reduction in casino operator payments currently allocated to the Support Education in Louisiana First Fund (SELF) and a like amount of increase to the new Casino Support Services Fund. Aggregate statutory dedications are not affected, but a redistribution of state payments made by the casino operator does occur.

The SELF fund supports recurring salary expenses for pre-K through 12th grade teachers and college faculty. Thus, a diversion of casino operator payments away from the SELF fund could expose the state general fund to a portion of these salary expenses, up to the amount diverted into the Casino Support Services Fund. However, in five of the eight years since 2002, the SELF fund has had end-of-year balances in excess of the \$3.6 million currently approved for the casino support services contract (as little as \$4.3 million and as much as \$20.5 million). Based on these historical balances in most years payments from the casino operator could be diverted to the support services contact (at the \$3.6 million level) without subjecting the state to exposure of the salary obligations of the SELF fund. It should be noted though that in three of eight years since 2002, the SELF fund’s end-of-year balances have been less than the \$3.6 million currently approved for the casino support services contract (as little as 4¢ and as much as \$2.4 million). Thus, in some years the state will still have exposure to the salary obligations of the SELF fund.

In subsequent years, amounts dedicated to the Casino Support Services Fund and diverted from the SELF fund (and influencing the state’s exposure) would be dependent upon the contract negotiated for those years or the most recently approved contract in force at the time, and could be amounts larger or smaller than the \$3.6 million currently negotiated.

Senate

☒ 13.5.1 >= \$100,000 Annual Fiscal Cost

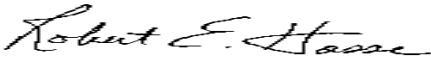
☐ 13.5.2 >= \$500,000 Annual Tax or Fee Change

Dual Referral Rules

House

☒ 6.8(F) >= \$100,000 Annual SGF Cost

☐ 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease



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